

**LINK HOMES (2001) LIMITED**



**LINKHOMES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2017**

**COMPANY NO. SC 216271**

**WEDNESDAY**



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**13/09/2017**

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**COMPANIES HOUSE**

**LINK HOMES (2001) LIMITED**

**DIRECTORS AND PROFESSIONAL ADVISERS**

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**DIRECTOR**

C Sanderson

**SECRETARY**

Link Group Limited

**AUDITOR**

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH2 1EG

**BANKER**

Bank of Scotland  
75 George Street  
Edinburgh  
EH2 3EW

**SOLICITOR**

Burness Paull  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

**REGISTERED OFFICE**

Link House  
2c New Mart Road  
Edinburgh  
EH14 1RL

## **LINK HOMES (2001) LIMITED**

### **DIRECTOR'S REPORT**

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The Director presents his report and the financial statements for the year ended 31 March 2017.

#### **Principal Activity**

Link Homes' principal activity is the provision of affordable housing for a variety of clients within the context of Link Group's strategic objectives.

#### **Business Review and Future Development**

Link Homes (2001) Limited recorded a profit before tax of £221,181(2016: £223,811) which is gift aided to its parent company Link Group Ltd.

In 2016/17 Link Homes continued to administer the Scottish Government's Help to Buy shared equity scheme across the Central Belt of Scotland. Over the course of the year Link Homes arranged grants of over £57m on behalf of over 2,100 homebuyers.

In addition to Help to Buy, the company continued to administer the Open Market Shared Equity Scheme (OMSE) across the Central Belt with just over £57m in grant arranged in the year on behalf of just under 1,500 people. This scheme assists first-time buyers on low incomes across the Central belt of Scotland through the provision of shared equity grants.

The grants are repayable when the property is sold and are repaid in proportion to the original purchase price, by reference to the value of the property when ultimately sold. The grant administered by Link Homes in 2016/17 brings the total number of people assisted since 2005/06 to over 17,000.

Link Homes' current OMSE contract runs to 30 September 2017. In May 2017 Link Homes submitted a tender to the Scottish Government which, if successful, will allow Link Homes to continue to run the scheme for at least a further two years. Losing the contract would not threaten the viability of the company as administrative expenses are directly linked to the number of grants administered and would reduce proportionally in line with a reduction in the grants.

Link Homes' turnover of £2,293,215 (2016: £2,331,493) is down 2% compared to the previous year. 95% of Link Homes' turnover in 2016/17 consisted of fees received from Scottish Government, based on the number of purchases administered in the year. Administrative expenses of £2,072,034 (2016: £2,107,682) decreased by 2% on the previous year. Virtually all of Link Homes' administrative expenses in 2016/17 consisted of management fees due to Link Housing Association Limited, a fellow subsidiary of Link Group Limited.

#### **Director**

The member of the Board who served during the year is set out below:

C Sanderson

**Statement of Director's Responsibilities in Respect of the Director's Report and the Financial Statements**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

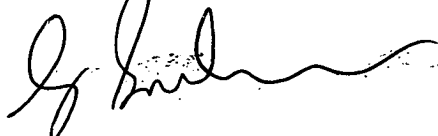
In so far as the director is aware, at the time the report is approved:

- there is no relevant audit information of which the auditors is unaware; and
- the director has taken all the steps he ought to have taken to make himself aware of any relevant information and to establish that the auditor is aware of that information.

**Auditor**

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board:



C Sanderson  
Director

18 July 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LINK HOMES (2001) LIMITED**

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We have audited the financial statements of Link Homes (2001) Limited for the year ended 31 March 2017 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Director's Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Director's report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LINK HOMES (2001)  
LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Andrew Shaw*

**Andrew Shaw (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

*24 July 2017*

**LINK HOMES (2001) LIMITED****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
Turnover		2,293,215	2,331,493
Cost of sales		-	-
Gross profit		2,293,215	2,331,493
Administrative expenses		(2,072,034)	(2,107,682)
Profit on ordinary activities before taxation	2	221,181	223,811
Tax on profit on ordinary activities	4	(44,236)	(44,762)
<b>Profit for the financial year</b>		<b>176,945</b>	<b>179,049</b>

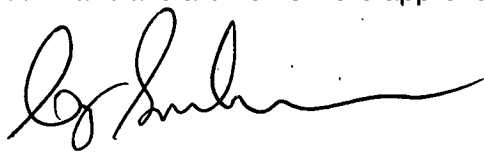
There are no other recognised gains or losses other than those included in the above Statement of Comprehensive Income. The result for the year relate wholly to continuing activities.

The notes on pages 9 to 13 form an integral part of these financial statements.

**LINK HOMES (2001) LIMITED****BALANCE SHEET AS AT 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>Current assets</b>			
Debtors	6	3,877,450	1,908,183
Cash at bank		568,182	2,387,206
		<u>4,445,632</u>	<u>4,295,389</u>
<b>Creditors:</b> Amounts falling due within one year	7	(4,395,632)	(4,245,389)
<b>Net assets</b>		<u><u>50,000</u></u>	<u><u>50,000</u></u>
<b>Capital and reserves</b>			
Called up share capital	8	50,000	50,000
Profit and loss account		-	-
<b>Shareholders' funds</b>		<u><u>50,000</u></u>	<u><u>50,000</u></u>

These financial statements were approved by the Director on 18 July 2017.



C Sanderson  
Director

Company number: SC216271

The notes on pages 9 to 13 form an integral part of these financial statements.



**LINK HOMES (2001) LIMITED****STATEMENT OF CHANGES IN EQUITY**

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	<b>Share Capital</b>	<b>Profit &amp; Loss Account</b>	<b>Total 2017</b>	<b>Total 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 April 2016	50,000	-	50,000	50,000
Profit for the financial year	-	176,945	176,945	179,049
Gift aid payment	-	(221,181)	(221,181)	(223,811)
Current tax credit	-	44,236	44,236	44,762
As at 31 March 2017	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>

The notes on pages 9 to 13 form an integral part of these financial statements.

**1. ACCOUNTING POLICIES**

Link Homes (2001) Ltd is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company's parent undertaking, Link Group Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Link Group Ltd are available to the public and may be obtained from Link House, 2C New Mart Road, Edinburgh. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes
- Key management personnel compensation

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**a) Measurement convention**

The financial statements are prepared on the historical cost basis.

**b) Going concern**

The accounts have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future and be able to meet its liabilities as they fall due. The Directors are aware of no material uncertainties in making this assessment.

**c) Basic financial instruments – trade and other debtors/ creditors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Trade and other creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due

## **LINK HOMES (2001) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

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Grants received for Shared Equity initiatives, including Scottish Government's Low Cost Initiative for First Time Buyers (LIFT), Help to Buy, New Supply Shared Equity (NSSE) with Developers, and Homestake which were held by Link Homes at the balance sheet date are included in creditors. Grants received and subsequently paid out to successful applicants are not recognised in these financial statements.

#### **d) Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### **e) VAT**

Link Homes (2001) Limited is a member of Link Group's VAT group registration. Expenditure is shown inclusive of VAT and any input VAT recovered is included in other income.

#### **f) Gift aid payment presented within shareholder's funds**

Gift aid payments are only recognised as a liability at the year end to the extent that they were paid prior to the year end, there is a deed of covenant prior to the year end or a Companies Act s288 written resolution has been approved by the shareholder in the year to pay the taxable profit for the year to its parent by a certain payment date.

#### **g) Turnover**

Turnover, which is stated net of value added tax, represents income receivable in the financial year relating to the Scottish Government's shared equity schemes, and other income.

Scottish Government allowance income for completed purchases is recognised in the year in which the corresponding shared equity grant is drawn down. Allowances receivable for applications which did not result in a completed purchase are recognised in the year in which the application is withdrawn.

After sales fees receivable from homeowners are recognised in the year in which the administrative work they relate to is carried out.

## LINK HOMES (2001) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

#### h) Government grants

Grants received for Shared Equity initiatives, including Scottish Government's Low Cost Initiative for First Time Buyers (LIFT), Help to Buy, New Supply Shared Equity (NSSE) with Developers, and Homestake which were held by Link Homes at the balance sheet date are included in creditors. Grants received and subsequently paid out to successful applicants are not recognised in these financial statements.

#### 2. EXPENSES AND AUDITOR'S REMUNERATION

Included in the profit are the following:

	2017 £	2016 £
Auditor remuneration:		
Audit of these financial statements	2,910	2,825
Taxation compliance services	2,000	2,000
	<u>4,910</u>	<u>4,825</u>

#### 3. DIRECTORS AND EMPLOYEES

The average number of employees of the company during the year calculated on a full time equivalent basis was nil (2016: nil).

During the year no directors of the company (2016: nil) were members of the company's pension scheme. During the year no directors (2016: nil) received any remuneration. During the year no directors received any expenses in respect of attendance at meetings (2016: £nil).

#### 4. CORPORATION TAX

Total tax expense recognised in the profit and loss account, other comprehensive income and equity.

	2017 £	2016 £
Current tax:		
Current tax on income in the period	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Total tax</b>	<u>-</u>	<u>-</u>
Current tax recognised in Profit and loss account	44,236	44,762
Current tax recognised directly in equity	(44,236)	(44,762)
<b>Total tax</b>	<u>-</u>	<u>-</u>

**LINK HOMES (2001) LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017  
(continued)**

	2017 £	2016 £
Analysis of current tax recognised in profit and loss:		
UK corporation tax at 20% (2016: 20%)	44,236	44,762
<b>Total current tax recognised in profit and loss</b>	<b>44,236</b>	<b>44,762</b>
<b>Reconciliation of effective tax rate</b>		
Profit for the year	221,181	223,811
Total tax expense	(44,236)	(44,762)
Profit excluding tax	176,945	179,049
<b>Total tax expense included in profit</b>	<b>44,236</b>	<b>44,762</b>

Corporation tax recognised in the Profit and loss account of £44,236 (2016: £44,762) is offset by a tax credit generated as a result of gift aid payments to Link Group Limited resulting in a net tax charge of £nil (2016: £nil).

**5. GIFT AID PAYMENT**

The aggregate amount of gift aid payments comprises:

	2017 £	2016 £
Gift aid approved by written resolution by the shareholder	221,181	223,811

**6. DEBTORS**

	2017 £	2016 £
Trade debtors	411,952	100,953
Amounts due from parent company	3,465,498	1,787,586
Other debtors	-	19,644
	<b>3,877,450</b>	<b>1,908,183</b>

**7. CREDITORS**

	2017 £	2016 £
LIFT, Help to Buy, NSSE with Developers, & Homestake	4,119,926	4,125,966
Accruals and deferred income	275,706	78,148
Sundry creditors	-	41,275
	<b>4,395,632</b>	<b>4,245,389</b>

## **LINK HOMES (2001) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

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#### **8. SHARE CAPITAL**

	<b>Allotted, called up &amp; fully paid 2016 &amp; 2017 £</b>
50,000 ordinary shares of £1 each	<u>50,000</u>

#### **9. RELATED PARTIES**

As a wholly owned subsidiary of Link Group Limited, the company is exempt, under FRS 102 section 33.1A, from the requirement to disclose transactions with other members of the group headed by Link Group Limited.

#### **10. CONTROLLING RELATED PARTY**

The Director considers the ultimate parent undertaking of this company to be Link Group Limited. Consolidated accounts for the Link group of charitable registered social landlords, voluntary organisations, social enterprises, and trading subsidiaries can be found at Link House, 2C New Mart Road, Edinburgh.